



News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Launches Campaign to Help New Small Businesses

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WASHINGTON — The Internal Revenue Service today launched a campaign to help educate new self-employed small business owners about federal tax responsibilities.

The campaign kick-off coincides with the Small Business Administration's annual [Small Business Week](#), April 21-25, which recognizes outstanding small business owners for their contributions to the nation's economy and their personal achievements.

"One of the biggest challenges faced by people starting out in business is understanding and meeting their tax filing requirements," said Kathy Petronchak, commissioner of the IRS's Small Business/Self-Employed operating division. "It's a new, different and potentially overwhelming experience for them. We want new small business owners to know that the IRS has resources to help them learn about their federal tax responsibilities and avoid common pitfalls."

The campaign will provide new [Schedule C](#), Profit or Loss from Business, filers with improved and updated educational materials through a variety of channels, including [IRS.gov](#), small business workshops and other outreach events.

Schedule C is filed by sole proprietors (one-owner businesses) as an attachment to their Form 1040 individual income tax return. Self-employed individuals with less complex situations – including business expenses of less than \$5,000, no net losses and no employees – may be able to file [Schedule C-EZ](#), Net Profit for Business.

About one in seven federal income tax returns includes a Schedule C or Schedule C-EZ. Taxpayers filed over 21 million Schedules C for tax year 2006, reporting overall net profits from sole proprietorships totaling more than \$269 billion.

In this introductory phase of the campaign, IRS is offering some basic tips to avoid potential problems:

- Classify workers properly as [employees or independent contractors](#) as determined by law, not the choice of the worker or business owner;
- Deposit federal [employment taxes](#), called trust fund taxes, according to the appropriate schedule;

— More —

- Start making quarterly [estimated-tax payments](#) to cover your own income tax and social security [self-employment tax liability](#);
- Keep [good records](#) to protect your personal and financial investment and to make tax filing easier;
- Consider a [tax professional](#) to help you with Schedule C;
- File and [pay your taxes electronically](#); it's fast, easy, and secure;
- Protect financial and tax records to ensure business continuity in the event of a [disaster](#); and
- Avoid abusive tax avoidance schemes such as the IRS's 2008 "[Dirty Dozen](#)."